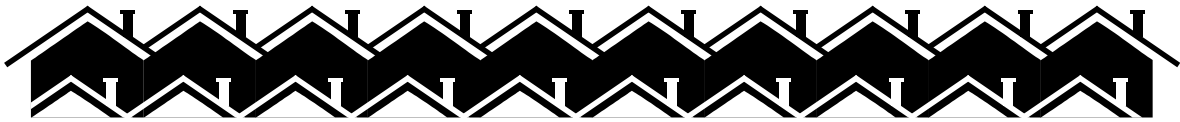


# 2010 Program Guidelines

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**2010 LAKE COUNTY CONSORTIUM  
HOME/CDBG HOUSING FUND  
Program Guidelines**

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## **I. INTRODUCTION**

These Program Guidelines provide a general overview of the structure of the Lake County Consortium's HOME and CDBG Programs as they related to affordable housing activities funded under the Lake County Consortium HOME/CDBG Housing Fund, referred to throughout this document as the "Housing Fund." This document is designed to acquaint prospective applicants with the basic features and requirements of the HOME and CDBG Programs and to assist them in deciding whether or not to apply for funds. The Guidelines are primarily an informational tool, and do not attempt to provide a complete statement of all rules and requirements of the HOME or CDBG Programs.

The HOME Program is governed by the Federal regulations (the "HOME Regulations") published at 24 CFR Part 92 "HOME Investment Partnership Program, Final Rule". The CDBG Program is governed by the Federal Regulations (the "CDBG Regulations") pursuant to Title I, Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et seq.). Prospective applicants should consult the Regulations when the Guidelines do not provide sufficient information. In the event of any inconsistency between the Guidelines and the Regulations, the Regulations will control.

The Housing Fund Review Panel, consisting of members of the Community Development Commission and the Affordable Housing Commission will review all applications to the Housing Fund. The Lake County Community Development Division of the Planning, Building and Development Department will issue all successful applicants a contract for the funds, and will perform all monitoring functions.

*NOTE: The HOME Investment Partnerships Program Final Rule, 24 CFR Part 92 and The Community Development Block Grant Program Part 570 are available via [www.hud.gov](http://www.hud.gov).*

### **Available Funding Resources**

The Community Development Division is the administrator of the HOME Program for the Lake County Consortium (the "Consortium"), which has been designated by HUD as a Participating Jurisdiction in the HOME Program. The Lake County Consortium anticipates receiving a total HOME allocation for Program Year 2010 of approximately \$1,676,147. Of this amount, \$177,543 would be reserved for administration of the HOME Program. Of the remaining funds, \$251,422 would be reserved for CHDO-sponsored projects and \$83,807 would be reserved for CHDO operating costs, leaving a balance of \$1,163,375 to be allocated for projects in the City of Waukegan (\$290,844), the City of North Chicago (\$174,506), and the rest of Lake County (\$698,025).

All applications for HOME/CDBG Funds must be submitted to the Community Development Division by the deadline date. City of Waukegan and City of North Chicago, as members of the Lake County Consortium, will make a determination as to what projects will receive funds from their individual HOME program allocations.

### **Eligible Applicants**

Eligible applicants include for-profit and not-for-profit entities. The Consortium may also allocate funds to units of local government and public agencies. For the purposes of this document, "sponsor" includes any of the above eligible applicants. **No individuals are eligible to apply for funding directly from the Lake County Consortium for funds that provide a direct benefit to them.**

## **II. APPLICATION PROCEDURE**

All PY 2010 Lake County Consortium HOME/CDBG Housing Fund applicants must submit a completed letter of intent to the Lake County Community Development Division via fax at 847-360-6734 by **4:00 p.m. on September 25, 2009.**

PY 2010 Lake County Consortium HOME/CDBG Housing Fund applications are available from the Lake County Community Development Division of the Planning, Building & Development, 18 North County St., 6<sup>th</sup> Floor, Waukegan, Illinois 60085, (847) 377-2150. All applicants must submit an original and five (5) copies of the completed application by **4:00 p.m. on October 16, 2009.** An electronic version must also be submitted to [communitydevelopment@lakecountyil.gov](mailto:communitydevelopment@lakecountyil.gov).

To receive special funding consideration for Program Year 2010 Lake County HOME/CDBG Housing Fund as an eligible "Community Housing Development Organization", all CHDO Certification packets must be received by **4:00 p.m. on September 30, 2009** at the office of the Lake County Community Development Division located at the Lake County Administration Building, 18 North County – 6<sup>th</sup> Floor, Waukegan, IL 60085. Each CHDO is required to submit the original and one hard copy of the CHDO Certification Packet. An electronic version must also be submitted to [communitydevelopment@lakecountyil.gov](mailto:communitydevelopment@lakecountyil.gov).

The Housing Fund Review Panel will evaluate Housing Fund applications and present recommendations to the Affordable Housing Commission (AHC) and the Community Development Commission (CDC) for consideration.

### III. USE OF HOUSING FUNDS

Housing Fund dollars may be used for a variety of activities to develop and support affordable housing. Eligible activities include: property acquisition, new construction, reconstruction, moderate or substantial rehabilitation, site improvements, downpayment and closing cost assistance to homebuyers, and other reasonable and necessary expenses related to the development of affordable housing.

#### Prohibited Activities

Activities prohibited under the Lake County Consortium Housing Fund application process include: public housing modernization, maintenance and operation; tenant subsidies for certain special purposes mandated under Section 8; providing non-federal matching funds for other federal programs; Annual Contributions Contracts (ACCs); activities under the Low-Income Housing Preservation Acts of 1987 and 1990; emergency and temporary housing; an operating deficit reserve; and impact fees. Additionally, the funds cannot be used to create a reserve to undertake these activities at a later date.

HOME funds cannot be used for operating or administrative costs of the project sponsor, except for CHDO Operating Grants (see section V for more details). Reasonable developer fees are an allowable use of HOME funds. HOME funds cannot be used to provide assistance to properties receiving Rental Rehabilitation Program funds since the requirements of these programs are incompatible.

HOME funds cannot be used to provide assistance (other than first-time homebuyer assistance) to a project previously assisted with HOME funds during the period of affordability. The amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount.

#### A. Rental Housing

HOME Program funds are available for rehabilitation, acquisition, new construction, of rental housing. Each rental project must meet the following:

##### Rental Limitation

HOME Program rent information and income limits are attached in Appendix G.

Note: All HOME –assisted rental units must have gross rents that do not exceed the High HOME rents as listed in Appendix G. At least 20% of HOME-assisted rental units must have gross rents that do not exceed the Low HOME rent limits in Appendix G for projects containing 5 or more units.

##### Affordability

- HOME-assisted rental units must remain affordable for the following terms based on the average HOME subsidy per unit:

Rehabilitation of less than \$15,000	5 years
Rehabilitation of \$15,000 - \$40,000	10 years
Rehabilitation of \$40,000 +	15 years
New construction (any amount)	20 years

Enforcement of the affordability period will be through deed restrictions.

## **B. Homeownership**

All of the HOME funds used for homeownership assistance must benefit homebuyers (including displaced homemakers and single parents who may have once owned a home with a spouse) or existing low-income homeowners whose family incomes are at or below 80% of Lake County's median income. HOME Program income limits are available in Appendix G. In addition:

- Each first-time homebuyer is required to participate in an established comprehensive homeownership counseling program approved by the Community Development Division.
- The assisted housing must be the owner's principal residence;
- The appraised value at the time of purchase of the property, or the appraised value after rehabilitation of a property already owned, must be less than the mortgage limit for the type of single-family housing for Lake County under HUD's single family insuring authority under the National Housing Act. (24 CFR 203b) (Area maximum appraised values are available in Appendix G – 203(B) Limits.);
- Resale of the property by a first-time homebuyer is subject to resale and recapture provisions in order to ensure long-term affordability of housing, (as detailed in the Lake County Resale Guidelines in Appendix E);
- HOME-assisted homebuyer units must remain affordable for the following terms based on the average HOME subsidy per unit:

HOME amount per-unit of less than \$15,000	5 years
HOME amount per-unit of \$15,000 - \$40,000	10 years
HOME amount per-unit of \$40,000 +	15 years

## **IV. REQUIREMENTS OF ALL HOME ACTIVITIES**

### **A. Maximum Per-Unit Subsidies**

To ensure that units developed with HOME funds are non-luxury, affordable housing units, HUD has established a maximum per-unit HOME subsidy, adjusted for unit size, which will be updated and adjusted for inflation annually. The maximum per-unit subsidy limits are attached in Appendix G (221(d)(3) limits).

Lake County Consortium Housing Fund applicants should recognize that a goal of the Lake County Consortium is to provide affordable units with the available resources in a variety of geographic areas. With this goal in mind applications, which maximize the HOME funds on a per-unit basis, will be given greater consideration.

### **B. Leverage (CDBG)**

All applicants are required to provide a minimum of 25% of their total project cost from other sources of funds. Eligible sources of leverage funds include: cash, financial commitments from banks, the value of land for new construction activities, the waiving/deferring/or putting into equity of developers fees and other grants/loans from foundations and other government programs. All leverage funds are subject to verification by the Lake County Community Development Division.

### **C. Matching Funds (HOME)**

All applicants are required to provide a minimum of 25% of their total project cost from other sources of funds. Eligible sources of match include; cash (from eligible sources), financial commitments from banks, the value of land for new construction activities, and other grants/loans from foundations and other programs. Refer to Appendix D for a detailed explanation of eligible matching funds. All match contributions are subject to verification by the Lake County Community Development Division.

### **D. Layering**

Applicants must structure the financing of the proposed project/program so that the minimum amount of Lake County Consortium HOME/CDBG Housing Fund dollars is requested to make the project financially feasible. Upon receipt of the application, Lake County Community Development Division will conduct a "Layering Analysis" to certify that the Consortium is not investing any more HOME or CDBG funds in combination with other governmental and non-governmental assistance than necessary to provide affordable housing. Applicants are reminded to keep factors relevant to project feasibility (i.e. owner rate of return, vacancy rate, per unit subsidy, etc.) reasonable to minimize the use of Lake County Consortium HOME/CDBG Housing Fund dollars.

### **E. Property Standards**

All HOME-assisted units must, meet the property standards set forth in Sec.92.251 of the HOME Regulations. Any new construction or substantial rehabilitation of housing must meet all applicable local, state, or federal building codes, rehabilitation standards, and zoning ordinances (unless variances have been authorized by local authorities). Any new construction must meet the requirements of the Model Energy Code published by the Council of American Building Officials. Any substantial rehabilitation must meet the cost-effective energy conservation and effectiveness standards in 24 CFR Part 39.

### **F. Developer Fees**

The developer of a project may charge developer fees. The Housing Review Panel will determine if the fees are reasonable.

## **V. COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS**

Definition: A CHDO is defined as a private nonprofit, community-based service organization that has obtained or intends to obtain staff with the capacity to develop affordable housing for the community it serves, and also:

- is organized under state or local laws;
- has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
- is not sponsored by a for-profit entity unless:
  - the primary purpose of the for-profit entity is not the development or management of housing.
  - the for-profit does not have the right to appoint more than 1/3 of the membership of the governing board, and
  - the CHDO is free to contract for goods and services from any vendors it chooses;
- has tax-exempt status from the IRS under Section 501 (c)(3) [charitable] or 501 (c)(4)

[community] organizations of the Internal Revenue Code of 1986;

- does not include a public body or instrumentality of a public body,
- has standards of financial accountability that conform to 24 CFR 84.21, "Standards for Financial Management Systems;"
- has among its stated purposes the provision of decent, safe, and sanitary housing that is affordable to low-income and moderate-income persons;
- maintains accountability to low-income residents by:
  - having at least 1/3 of its board consist of residents of low-income neighborhoods, other low-income residents, or elected representatives of low-income organizations;
  - having a formal process for low-income residents to advise the organization on relevant decisions;
- has demonstrated capacity to provide housing activities to be assisted with HOME funds; and
- has a history of serving in the community within which HOME funds will be used for at least one year.

Funding: At least 15% of the total housing program allocation each year will be reserved for housing developed, sponsored or owned by CHDOs. These funds will be distributed on a competitive basis according to the priorities stated herein. Up to 10% of this set-aside may be made available for project-specific, site control loans, or seed money loans. Up to 5% of the total HOME allocation will be available for operating expenses associated with specific projects.

In Program Year 2010, it is estimated that approximately \$235,050 will be available for general CHDO projects. It is estimated that approximately \$83,807 will be available for CHDO operating expenses. Lake County certified CHDO's may apply, on a competitive basis, for general CHDO funds and/or CHDO operating funds. However, CHDO operating requests may not exceed \$50,000 or 50% of the CHDO's total annual operating expenses for that year, whichever is greater.

#### Activities:

CHDO's will be allowed to undertake all eligible development activities. The Community Development Division will assist in arranging technical assistance and training to help CHDOs understand the HOME regulations and submit competitive applications. This will increase the CHDO's abilities and effectiveness in providing low- and very low-income housing.

## **VI. OTHER REQUIREMENTS**

Projects that are funded in whole or in part with HOME funds are subject to the following requirements in the applicable federal regulations:

### **A. Equal Opportunity and Fair Housing**

No person will be denied the benefits of, or be subjected to discrimination under any program or activity funded by the HOME Program on the grounds of race, color, national origin, religion, sex, age, family status, or disability.

Opportunities for training and employment related to any project assisted with HOME funds should be given to



low income persons in the local area, to the greatest extent possible.

Contracts for work performed in connection with HOME projects should be awarded to business concerns located in the same community as the project, to the greatest extent possible.

Contracts for the procurement of property and services awarded by project sponsors shall be awarded to minority business enterprises and women business enterprises (MBE's and WBE's) to the greatest extent possible.

(For detailed requirements see: the Fair Housing Act and implementing regulations at 24 CFR part 100, Executive Order 11063 as amended-Equal Opportunity in Housing and implementing regulations at 24 CFR part 107, Title VI of the Civil Rights Act of 1964 and implementing regulations at 24 CFR part 1, the Age Discrimination Act and implementing regulations at 24 CFR part 145, Rehabilitation Act and implementing regulations at 24 CFR part 8, Executive Order 11246-Equal Employment Opportunity and implementing regulations at 41 CFR Chapter 60, Section 3 of the Housing and Urban Development Act of 1968, Executive Order 11625-Minority Business Enterprise, and Executive Order 12138-Women Business Enterprise)

## **B. Affirmative Marketing**

Participants must comply with the Consortium's affirmative marketing procedures and requirements for multi-family projects with 5 or more HOME-assisted housing units. The Community Development Division will evaluate proposals involving single-family projects with 5 or more HOME-assisted units to determine whether affirmative marketing efforts are appropriate. Such efforts include procedures to be used by owners to inform and solicit applications from persons in the housing market area not likely to apply for housing without special outreach. The Lake County Affirmative Marketing Policy is further detailed in Appendix B.

## **C. Environmental Review**

Participants must comply with HUD's and the Consortium's policies regarding the responsibility of conducting environmental reviews on proposed development sites. No project work may be initiated nor will any funds be disbursed until all environmental requirements are met as indicated by a Notice to Proceed.

(For details see: the National Environmental Policy Act [NEPA] and the regulations found in 24 CFR Part 50 and 24 CFR Part 58)

## **D. Labor Standards**

Any HOME contract for rehabilitation or new construction of housing larger than twelve units must require the contractor to pay federal prevailing wage rates.

(For details see: the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act, and the Federal Labor Standards Compliance in Housing and Community Development Programs)

## **E. Lead-Based Paint**

As of September 15, 2000 changes have been made to the Federal Lead-based Paint Requirements for State and local housing programs using federally assisted funds. Any housing which has been assisted in whole or in part with HOME funds must comply with the requirements of the Lead-Based Paint Poisoning Prevention Act and the regulations found in 24 CFR Part 35.

## **F. Debarment and Suspension**

All contractors used in connection with HOME funded projects must be certified to not be presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excused from participation from any federally-assisted construction projects.

(For details see: 24 CFR Part 24 Appendix B, Executive Order 12549)

## **G. Flood Insurance**

HOME funds may not be used for acquisition, new construction, or rehabilitation of a project located in an area identified by Federal Emergency Management Agency as having special flood hazards unless the community in which the project is to be located participates in the National Flood Insurance Program. The provisions of the National Flood Insurance Program must be followed with regards to construction standards and insurance requirements.

(For details see: the Flood and Disaster Protection Act of 1973 and the regulations found at 44 CFR Parts 59 through 79.)

## **H. Accessibility**

All projects receiving HOME funding for construction and rehabilitation must comply with Section 504 of the Rehabilitation Act of 1973 and all other federal accessibility regulations. In addition to federal requirements, the projects must comply with the State's Environmental Barriers Act and the Illinois Accessibility Code.

(For details see: the Rehabilitation Act of 1973 [29 U.S.C. 794], the Environmental Barriers Act [Ill. Rev. Stat. Ch. 111 1/2, par 3711 et seq], and the Illinois Accessibility Code [71 Ill. Adm. Code 400].)

## **VII. MONITORING AND RECORDKEEPING**

The Lake County Community Development Division will work closely with project sponsors to ensure compliance with HOME and CDBG requirements and other relevant federal regulations. The department will review at least annually the activities of recipients of HOME funds to assess compliance with the HOME regulations.

In order to work closely with project sponsors, ensure compliance with requirements and regulations, identify monitoring responsibilities, provide HOME/CDBG Subrecipient Agreements, and provide technical assistance after the award of federal funds the Lake County Community Development Division will schedule and require project sponsor attendance at a Post-Award Workshop that will be scheduled after May 1, 2010.

Each sponsor of a Housing Fund-assisted project will be required to maintain certain records that will be subject to annual review by Lake County Community Development Division staff upon reasonable notice. The records required will have to demonstrate compliance with the requirements of the HOME/CDBG Program regulations as applicable. Additionally, the requirements outlined in these guidelines and the affordability requirements must be documented in the project files.



## APPENDIX A

### Guidelines - Minority/Women Business Enterprise Outreach Program

The Lake County Consortium shall attempt to maximize the participation of Minority-Owned and Women-Owned Business Enterprises (M/WBE) in projects funded through the HOME/CDBG Housing Fund. Requests for proposals from, and contracts awarded by, the County of Lake and/or recipients of HOME/CDBG Housing funds will also be subject to applicable federal, state and local procurement standards.

#### Definition of Minority-Owned and Women-Owned Business Enterprises

Any relevant business that is at least 51% **owned, operated and controlled** by one or more minority person(s) or women shall be considered a Minority-Owned or Women-owned Business Enterprise.

The Lake County Consortium intends to implement the following procedures in an attempt to achieve maximum participation by M/WBE in the HOME/CDBG Housing program and other programs funded by the U.S. Department of Housing and Urban Development (HUD):

1. Administration of the M/WBE Outreach Program will be the responsibility of the Community Development Deputy Director for the Lake County Department of Planning, Building and Development.
2. To help contractors and partner agencies expand the use of Minority-Owned and Women-Owned Businesses Enterprises, the Illinois Capital Development Board maintains a directory of firms certified as M/WBE by the Illinois Department of Transportation or the Illinois Department of Central Management Services. This database is searchable by county and trade. All local Minority-Owned and Women-Owned Business Enterprises will be encouraged to apply for inclusion on this list. The database is available online at the following website:  
[www.cdb.state.il.us/CDBWEB\\_MBEFBE.nsf/websearch?OpenForm](http://www.cdb.state.il.us/CDBWEB_MBEFBE.nsf/websearch?OpenForm) .  
The website address will be included in the HOME/CDBG Housing Management Guide that is distributed to all recipients of HOME/CDBG Housing funds and any other interested parties. The Lake County Planning, Building, and Development Department will also provide assistance in navigating this website and/or provide a current printed list of M/WBE from this website upon request.
3. Recipients of HOME/CDBG Housing funds will be required to identify all M/WBE utilized on their project and document efforts in obtaining bids, price quotes or proposals from M/WBE's for their particular project. The Lake County Community Development Division will tabulate the utilization of M/WBE's by all participants and submit the required reports to HUD.
4. Lake County Planning, Building, & Development staff will work with Lake County Partners to sponsor and/or participate in local business conferences and encourage the increased utilization of M/WBE. The Lake County Consortium will also take every opportunity to express its interest in the use of M/WBE for its own projects.
5. Lake County Consortium staff will develop informational materials on contract/subcontract opportunities for Minority-Owned and Women-Owned Business Enterprises. These materials will be available at the Community Development Division of the Lake County Planning, Building, & Development Department and on Lake County's website located at: [www.lakecountyil.gov](http://www.lakecountyil.gov).

6. Recipients of HOME/CDBG Housing Funds will be required to have procurement procedures that will award contracts to organizations with the most cost effective and responsive bid or quote; therefore, M/WBE's and all other bidders will have equal access to available contracts and business.
7. This statement of public policy and commitment to M/WBE shall be published annually in a newspaper of general circulation. The publication will appear whenever new funding is awarded, but not less frequently than once per year.

For further information about Minority-Owned and Women-Owned Business Enterprises, please contact: **Lake County Community Development Division of the Planning, Building and Development Department, 18 N. County Street, 6<sup>th</sup> Floor, Waukegan, IL 60085**, at (847) 377-2150 between the hours of 8:30 a.m. and 5:00 p.m.

## APPENDIX B

### Affirmative Marketing Policy

The Lake County Consortium adheres to an affirmative marketing policy for rental and homebuyer projects containing 5 or more HOME-assisted housing units. The purpose of the affirmative marketing policy is to describe the actions that will be taken to inform and recruit eligible tenants and/or homebuyers without regard to race, color, national origin, sex, religion, familial status or disability.

It is the policy of the Lake County Consortium to require all rental and homebuyer projects/programs containing 5 or more HOME-assisted housing units to develop and follow affirmative marketing procedures. The affirmative marketing procedures must be approved by Lake County prior to marketing any HOME-assisted housing unit. The affirmative marketing procedures must continue throughout the period of affordability and must contain the following:

- a. **Targeting:** Identify the segments of the eligible population which are least likely to apply for housing without special outreach efforts.
- b. **Outreach:** Outline an outreach program which includes special measures designed to attract those groups identified as least likely to apply and other efforts designed to attract persons from the total population.
- c. **Indicators:** State the indicators to be used to measure the success of the marketing program as well as the manner and frequency in which those indicators will be reviewed.
- d. **Staff Training:** Demonstrate the capacity to provide training and information on fair housing laws and objectives to staff.

Projects/Programs are required to make a good faith effort to carry out the provisions of their approved affirmative marketing procedures. Good faith efforts are documented activities such as:

1. Advertising in print and electronic media that is used and viewed or listened to by those identified as least likely to apply.
2. Marketing housing to specific community, religious or other organizations frequented by those least likely to apply.
3. Developing a brochure or handout that describes the facility and any services to be provided as well as the accessibility for persons with physical disabilities.
4. Insuring that the sales/management staff has read and understands the Fair Housing Act and the purpose and objectives of the affirmative marketing procedures.

In addition, all programs/projects should use the Equal Housing Opportunity logotype or slogan in press releases and advertisements and display a fair housing poster in their management office. The program/project must keep files documenting affirmative marketing efforts which will include: copies of correspondence, public advertisements, lists of areas in which flyers have been distributed, contacts with other Equal Opportunity agencies, and any other relevant documents.

During the routine HOME/CDBG Housing Fund monitoring visits, Lake County will review the affirmative marketing files as well as the indicators that the program/project used to measure the success of the affirmative marketing procedures. Lake County will indicate any corrective action that is required in the County's monitoring report.

In the event that a project/program violates the Lake County Consortium's Affirmative Marketing Policy, Lake County will counsel the owner about the proper program procedures to ensure future compliance. If there is a second incidence of noncompliance, or in any event of willful noncompliance, the owner will be required to seek counseling from the Lake County Fair Housing Center. Upon further noncompliance, the owner will be debarred from future participation in the HOME/CDBG Housing Fund and other Lake County funded programs and possible foreclosure of the lien.

## **APPENDIX C**

### **Residential Anti-Displacement and Relocation Assistance Plan**

As a pre-submission requirement when applying for funding through the HOME Investment Partnerships (HOME) and Community Development Block Grant (CDBG) Program, the County is required to develop, adopt, make public, and certify that it is following a Residential Anti-Displacement and Relocation Assistance Plan. Recent amendments to the Housing and Community Development Act coupled with the expansion of the Uniform Relocation Act, effective April 1989 represent the strongest anti-displacement measures yet to be applied to HUD assisted activities.

The plan must address: (1) the County's policies to minimize and avoid displacement of persons from their homes and neighborhoods; (2) the replacement of any low and moderate income occupiable housing units that are demolished or converted to another use utilizing HOME and/or CDBG funds and any relocation that might be associated with the loss of those housing units; and, (3) any relocation or displacement as a direct result of any federally assisted project.

The following plan is intended to address the above requirements. A Glossary of Terms and a Summary of Appeals Process are attached.

#### **I. STEPS TO BE TAKEN TO MINIMIZE THE DISPLACEMENT OF PERSONS FROM THEIR HOMES.**

The following general steps will be taken by the County to avoid displacement or to mitigate its adverse effects if it is deemed necessary.

- A. Priority will be placed on the rehabilitation of housing, where feasible, to avoid the displacement of persons from their homes.
- B. Property acquisition will be highly selective, targeting only those properties deemed essential to the success of the project.
- C. Priority will be placed on the purchase of unoccupied buildings; if a suitable, unoccupied site cannot be found, priority will be given to purchasing an occupied property from a willing seller.
- D. When a property must be acquired quickly for whatever reason, efforts will be made to avoid displacement until the property is actually needed.
- E. The acquisition and/or demolition of properties will be timed so as to allow the maximum amount of time for tenant or owner relocations.
- F. Temporary displacements will be for as brief a period of time as is possible.
- G. Except in emergency cases, owners or tenants of properties who may be displaced will be given at least a ninety-day notice prior to being required to vacate.



- H. In determining whether or not temporary relocation is necessary to facilitate the rehabilitation of a dwelling, the County will consider any hardships likely to result if the person occupies the property during the rehabilitation process.
- I. The County shall review all claims for relocation assistance in an expeditious manner. The claimant shall be promptly notified as to any additional documentation that is required to support his/her claim. Payment of the claim will be made within 30 days following receipt of sufficient documentation to support the claim.
- J. If a person demonstrates the need for an advance relocation payment in order to avoid or reduce a hardship, the County will issue the payment, subject to such safeguards as the County deems are appropriate, to ensure that the objective of the payment is accomplished.
- K. All persons to be displaced as a result of a federally funded activity shall be offered relocation assistance advisory services as outlined in 49 CFR 24.205 of the Uniform Act.

**II. STEPS TO BE TAKEN WHEN LOW OR MODERATE INCOME HOUSING UNITS ARE DEMOLISHED OR CONVERTED TO ANOTHER USE AS A DIRECT RESULT OF ACTIVITIES ASSISTED WITH CDBG AND/OR HOME FUNDS.**

**A. ONE FOR ONE REPLACEMENT COMPONENT**

Lake County will replace all occupied and vacant habitable low/moderate income dwelling units demolished or converted to a use other than as low/moderate income housing as a direct result of activities assisted with funds provided under the Housing and Community Development Act of 1974, as amended, as described in 24 CFR 570.606(b)(1).

The replacement dwelling units may include public housing, existing housing receiving Section 8 project-based assistance or Section 8 vouchers, and units raised to standard from substandard condition through rehabilitation. All replacement housing will be provided within three years of the commencement of the demolition or rehabilitation relating to conversion. Before obligating or expending funds that will directly result in such demolition or conversion, the County of Lake will make public and submit to the HUD Field Office the following information in writing:

1. A description of the proposed assisted activity;
2. The general location on map and actual number and addresses of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low/moderate income dwelling units as a direct result of the assisted activity;
3. A time schedule for the commencement and completion of the demolition or conversion;
4. The general location on a map and actual number and addresses of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units;
5. The source of funding and a time schedule for the provision of replacement dwelling units; and

6. The basis for concluding that each replacement dwelling unit will remain a low/moderate income dwelling unit for at least 10 years from the date of initial occupancy.

## **B. RELOCATION ASSISTANCE COMPONENT**

Lake County will provide relocation assistance, as described in 24 CFR Part 570.606 (b)(2), to each low/moderate income household displaced by the demolition of housing or by the conversion of a low/moderate income dwelling unit to another use as a direct result of HOME and/or CDBG assisted activities. The low- or moderate-income household may elect to receive relocation assistance as described in 24 CFR Part 42 (Uniform Relocation Act as summarized in Part III of this document) or may elect to receive the following relocation assistance.

1. Moving expenses - Subject to the limitations and definitions contained in 49 CFR. Part 24, Subpart D, a displaced owner-occupant or tenant of a dwelling unit is entitled to either:
  - a. Reimbursement of the actual reasonable moving expenses for the transportation of themselves and their personal property, including packing, storage (if necessary), insurance, and other eligible expenses.

**OR**

- b. A fixed moving expense payment determined according to the applicable schedule approved by the Federal Highway Administration based on the number of rooms of furniture. The current schedule provides a fixed payment of no less than \$50 and no more than \$1,600.
2. The reasonable cost of any security deposit required to rent the replacement unit, and any credit checks required to rent or purchase the replacement unit.
3. Persons are eligible to receive one of the following two forms of replacement housing assistance:
  - a. Each person must be offered rental assistance equal to 60 times the amount necessary to reduce the monthly rent and estimated average monthly cost of utilities for a replacement of dwelling (comparable replacement dwelling or decent, safe, and sanitary replacement dwelling to which the person relocates whichever costs less). All or a portion of this assistance may be offered through a certificate or housing voucher for rental assistance (if available) provided through the local Public Housing Agency (PHA) under Section 8 of the United States Housing Act of 1937. If a Section 8 certificate or housing voucher is provided to a person, the County must provide referrals to comparable replacement dwelling units where the owner is willing to participate in the Section 8 Existing Housing Program. To the extent that case assistance is provided, it may, at the discretion of the County, be in either a lump sum or in installments.

**OR**

- b. If the person purchases an interest in a housing cooperative or mutual housing association and occupies a decent, safe, and sanitary dwelling in the cooperative or association, the person may elect to receive a lump sum payment. This lump sum payment shall be equal to the capitalized value of 60 monthly installments of the amount that is obtained by subtracting the "Total Tenant Payment" from the monthly rent and estimated average monthly cost of utilities at a comparable replacement dwelling unit.

4. Advisory Services - All eligible displaced households shall be provided appropriate advisory services, including notification of the planned project with a description of the relocation assistance provided, counseling, and referrals to at least one suitable comparable replacement dwelling.

### **III. STEPS TO BE TAKEN WHEN RELOCATION OCCURS FROM ACQUISITION, REHABILITATION OR DEMOLITION ACTIVITIES UTILIZING COMMUNITY DEVELOPMENT BLOCK GRANT AND/OR HOME INVESTMENT PARTNERSHIPS PROGRAM FUNDS (UNIFORM RELOCATION ACT)**

The Uniform Relocation Act applies to all federal or federally assisted activities that involve acquisition of real property or the displacement of persons, including displacement caused by rehabilitation or demolition activities funded by the HOME Program or CDBG Program.

If, as a direct result of any HOME or CDBG funded activity, it becomes necessary to relocate persons they shall be eligible for relocation benefits as outlined below (49 CFR Part 24, Subpart C-E):

#### **A. PERMANENT DISPLACEMENT**

1. Moving Expenses - Subject to the limitation and definitions contained in 49 CFR. Subpart D, a displaced owner-occupant or tenant of a dwelling is entitled to either:
  - a. Reimbursement of actual reasonable moving expenses for the transportation of themselves and their personal property, including packing, storage (if necessary), insurance, and other eligible expenses.

**OR**

- b. A fixed moving expense payment determined according to the applicable schedule approved by the Federal Highway Administration based on the number of rooms of furniture. The current schedule provides for a fixed payment of no less than \$50 and no more than \$1600.
2. Advisory services as outlined in 49 CFR Part 24, Subpart C including notification of the planned project with a description of the relocation assistance provided, counseling and referrals to at least one comparable replacement dwelling.
3. Replacement Housing Payment - Subject to the limitations of 49 CFR Part 24 Subpart E of the Act, a displaced owner-occupant or tenant is eligible for one of the following replacement housing payment:
  - a. 180-Day Homeowner - Occupants
    - i. If the person has actually owned and occupied the displacement dwelling for not less than 180 days prior to the initiation of negotiations to acquire the property and purchases and occupies a replacement dwelling within one year, he/she is eligible for a replacement housing payment of not more than \$22,500 which represents the combined cost of (1) the differential amount, (2) increased interest costs, and (3) reasonable incidental expenses as outlined in Section 24.401;

**OR**

- ii. If the person is eligible for this section, but elects to rent a replacement dwelling, he/she is eligible for a rental assistance payment not to exceed \$5250 computed in accordance with Section 24.401(a)(2)(ii) below:
- b. 90-Day Occupants (homeowners and tenants) A displaced tenant or owner-occupant, not qualified for the above 180-day homeowner-occupant payment, is eligible for either:
  - i. A rental assistance payment not to exceed \$5,250 computed in the following manner:
    - 1. the lesser of either the monthly cost of rent and utilities for a comparable replacement dwelling or the monthly cost of rent and utilities for a decent, safe and sanitary unit the person actually moves into.
    - 2. the lesser of either thirty percent of the person's average gross household income or the monthly cost of rent and utilities at the displacement dwelling.
    - 3. line (1) minus line (2)
    - 4. forty-two (42) times the amount of line (3)
  - OR**
  - ii. A down payment assistance payment for the person electing to purchase a home in the amount the person would receive paragraph (b)(i) above, if the person received rental assistance.
- 4. If the County determines the replacement housing payment, as outlined above and specifically in 49 CFR Part 24 Subpart E, would not be sufficient to provide a comparable replacement dwelling on a timely basis, the County will take appropriate measures as outlined in Subpart E 49 CFR 24.404. These measures may include but are not limited to, the following:
  - . Rehabilitation of and/or additions to an existing replacement dwelling;
  - . Construction of a new replacement dwelling;
  - . Payment of a replacement housing payment in excess of the limits set forth in Subpart E, 49 CFR Part 24 and outlined in Section 24.401 (a)(2)(ii) of this document.

## **B. TEMPORARY RELOCATION**

- 1. If the owner and the County determine that a tenant in a building being rehabilitated under this program must be temporarily relocated in order to complete the rehabilitation work, the tenant will be eligible for reasonable moving expenses and increased housing costs for the time he/she is temporarily displaced.
- 2. If a person is required to relocate for a temporary period because of an emergency, which is a direct result of a HOME or CDBG funded activity, the County shall:

- a. Take whatever steps necessary to ensure that the person is temporarily relocated to a decent, safe and sanitary dwelling; and
  - b. Pay the actual reasonable out-of-pocket expenses and any increases in rent and utilities; and
  - c. Make available as soon as feasible, at least one comparable replacement dwelling (for the purpose of filing a claim for relocation payment as described in Section III (A) of this document).
3. The County will determine who will be responsible for payment of the eligible costs. An agreement will be made between the property owner and the County, prior to the start of rehabilitation, stating who is responsible for each portion of the eligible costs outlined above. If the property owner does not pay a temporarily relocated or permanently displaced tenant the money due that tenant under these guidelines there will be no further distribution of County loan money until the County determines that the money due the tenant has been paid.

### **GLOSSARY OF TERMS**

Comparable Replacement Dwelling - A dwelling unit that is:

1. Decent, safe and sanitary. The dwelling must meet the County's housing code requirements. Dwellings outside the County must meet the Section 8 Housing Quality Standards;
2. Functionally equivalent to and substantially the same as the acquired dwelling with respect to the number of rooms and area of living space (but not excluding new construction nor excluding a larger dwelling necessary to comply with decent, safe and sanitary criteria stated above);
3. Adequate in size to accommodate the occupants;
4. Demonstrated to be available to all persons regardless of race, religion, familial status, sex or national origin in a manner consistent with the requirements of Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et.seq.), and available without discrimination based on source of income (e.g. welfare or alimony);
5. In an area not subject to unreasonable adverse environmental conditions from either natural or man-made sources and in an area not generally less desirable than that of the acquired dwelling with respect to public utilities and public and commercial facilities;
6. Reasonably accessible to the place of employment of the displaced person or, if unemployed (but employable) reasonably accessible to sources of employment;
7. Currently available to the displaced person on the private market, however, a comparable replacement dwelling for a person receiving government housing assistance before displacement may reflect similar government housing assistance.

Displaced Person - Any low/moderate income family or individual that is required to move permanently and involuntarily as a direct result of an assisted activity. The term includes a residential tenant who moves from the real property if the tenant has not been provided a reasonable opportunity to lease and occupy a decent, safe and sanitary dwelling in the same building or in a nearby building on the real property following completion of an assisted activity at a monthly rent/utility cost that does not exceed the greater of:

1. 30 percent of the tenant household's average monthly gross income, or
2. The tenant's monthly rent and average cost for utilities before the owner requested financial assistance.

A residential tenant who is required to move to another unit in the property or is required to relocate temporarily, but is not reimbursed for his/her reasonable out of pocket expenses, would also be considered a "displaced person" if he/she moves from the real property permanently.

Low/Moderate Income Dwelling - A dwelling unit with a market rent (including utility costs) that does not exceed Fair Market Rent for existing housing established under 24 CFR Part 888 (Section 8). This term does not include a unit that is owned and occupied by the same person before and after the assisted rehabilitation.

Occupiable Dwelling Unit - A dwelling unit that is in a standard condition or in a substandard condition, but suitable for rehabilitation. A "vacant occupiable low/moderate-income dwelling unit" requires replacement of units in any condition which are occupied (except by a squatter) at any time within the period beginning one year before the date of execution of the agreement covering the rehabilitation or demolition (e.g., the agreement between the subgrantee/recipient and the owner of the building to be rehabilitated).

Standard Dwelling Unit - A dwelling unit with 0-5 minor housing code violations.

Substandard Dwelling Unit - Any housing unit with more than 16 minor housing code violations or any structural systems violations.

#### Substandard Dwelling Unit Suitable for Rehabilitation

1. All basic structural components of the subject unit must be determined to be sound. If the building has severe structural damage and the cost of repair would exceed the fair market value of the dwelling unit after rehabilitation, the building would be considered to be not suitable for rehabilitation.
2. The cost of rehabilitation should not exceed the fair market value of the dwelling unit after rehabilitation.
3. The rehabilitation activities should extend the usable life of the dwelling unit for at least five years.

The HUD Inspector General's Office has agreed to use the Internal Revenue Service's definition of what constitutes substantial rehabilitation and what is considered to be new construction. The County of Lake will abide by this definition when attempting to determine whether or not a substantially substandard unit is suitable for rehabilitation. The IRS regulations state that in order for a unit to be considered eligible for rehabilitation and not be considered new construction, 75% or more of the existing external walls of the structure must be retained in place as external walls in the rehabilitation process.

### **SUMMARY OF APPEALS PROCESS**

In computing the benefits to which an individual or family is entitled, a complex set of regulations and rules must be followed. Each individual will be individually apprised of the regulations governing their claim.

Individuals, families or businesses who have received notification that they may be permanently displaced as a result of a federally-funded County HOME or CDBG project should immediately contact the County's Community Development Division for more specific information regarding their eligibility for relocation benefits. Any questions regarding the County of Lake's HOME or CDBG Relocation Policy or Program should be directed to:

**Deputy Director – Lake County Community Development Division**  
**Planning, Building & Development Department**  
**18 N. County Street – 6<sup>th</sup> Floor**  
**Waukegan, Illinois 60085**  
**(847) 377-2150**

As outlined at 24 CFR Part 42.10 of the Uniform Act, if a claimant does not agree with the Planning Department's determination as to eligibility, amount of relocation payments or other relocation benefits, a written appeal to the County Administrator's office may be made within 90 days of the claimant's notification of eligibility and benefits. The County of Lake shall promptly make a written determination on the appeal, including an explanation of the basis on which the decision was made, and furnish the claimant with a copy. If differences still remain and the person is low to moderate income, he/she may file a written request for review of the County's decision to the HUD Field office. In all cases the individual may appeal to a court of law and may be represented by legal counsel at his or her own expense.

## APPENDIX D

### Matching Contribution Requirements

All matching contributions must be made from nonfederal resources.

#### Eligible Forms of Match

- 1) Cash contributions from nonfederal sources. Except for contributions made to affordable housing that is not assisted with HOME funds and bond proceed, to be a cash contribution, funds must be contributed permanently to the HOME program, regardless of the form of investment the jurisdiction provides to a project. Therefore all repayment, interest, or other return on investment of the contribution must be deposited in the local account of the participating jurisdiction's HOME Investment Trust Fund to be used for eligible HOME activities. A cash contribution to affordable housing that is not assisted with HOME funds must be contributed permanently to the project. Repayments of matching contribution in affordable housing projects, that are not HOME-assisted, must be made to the local account of the participating jurisdiction's HOME Investment Trust Fund to get match credit for the full loan amount.
  - a) A cash contribution may be made by the participating jurisdiction, non-federal public entities, private entities, or individuals. A cash contribution may be made from program income from a Federal grant earned after the end of the award period if no Federal requirements govern the disposition of the program income. Included in this category are repayments from closed out grants under the Urban Development action Grant Program and the Housing Development Grant Program and from the Rental Rehabilitation Grant Program after all fiscal year Rental Rehabilitation grants have been closed out.
  - b) The grant equivalent of a below-market interest rate loan to the project that is not repayable to the participating jurisdictions HOME Investment Trust Fund may be counted as a cash contribution.
    - i) If the loan is made from funds borrowed by a jurisdiction or public agency or corporation (including proceeds from general obligation debt), the contribution is the present discounted cash value of the difference between the payments to be made on the borrowed funds and payments to be received from the loan to the project, based on a discount rate equal to the interest rate on the borrowed funds.
    - ii) If the loan is made from funds borrowed by a jurisdiction or public agency or corporation, the contribution is the present discounted cash value of the yield foregone. In determining the yield foregone, the participating jurisdiction must use as a measure of a market rate yield one of the following, as appropriate:
      - A) With respect to one- to four-unit housing financed with a fixed interest rate mortgage, a rate equal to the 10-year Treasury note rate plus 200 basis points;
      - B) With respect to one- to four-unit housing financed with a adjustable interest rate mortgage, a rate equal to the one-year Treasury bill rate plus 250 basis points; or



C) With respect to a multifamily project, a rate equal to the 10-year Treasury note rate plus 300 basis points.

2) Forbearance of fees

a) State and local taxes, charges or fees. The value, based on customary and reasonable means for establishing value, of State or local taxes, fees, or other charges that are normally and customarily imposed or charged by a State or local government on all transactions or projects in the conduct of State or local government operations but are waived, foregone, or deferred (including State low-income housing tax credits) in a manner that achieves affordability of housing assisted with HOME funds.

b) Other charges or fees. Amount or fees or charges normally and customarily imposed or charged by public or private institutions associated with the transfer or development of real estate but are waived or foregone, in whole or in part, in a manner that achieves affordability of housing assisted with HOME funds.

3) The value, before the HOME assistance is provided and minus any debt burden, lien, or other encumbrance, of land or other real property.

a) Property not acquired with federal resources is a contribution in the amount of 100% of the value.

b) Property that is acquired with federal assistance must be acquired specifically for HOME-assisted housing or for affordable housing that will be counted as match. Such property is a contribution in the amount of the difference between the acquisition cost and the appraised value at the time of acquisition with the federal assistance, provided that the property is acquired by the HOME project owner (or owner of the affordable housing that will be counted as match) with the federal assistance. It also may be given to the HOME project owner (or owner of the affordable housing that will be counted as match) by the entity acquired the property with federal assistance or sold to the HOME project owner (or owner of the affordable housing that will be counted as match) at a price equal to or less than the amount of the federal assistance used to acquire the property. The acquisition cost paid with the federal assistance must be demonstrably below the appraised value and must be acknowledged by the seller as a donation to affordable housing at the time of the acquisition with the federal assistance.

c) Property must be appraised in conformance with established and generally recognized appraisal practice and procedures in common use by professional appraisers. Opinions of value must be based on the best available data properly analyzed and interpreted. The appraisal of land and structures must be performed by an independent, certified appraiser.

4) The cost of investment, not made with federal resources, in on-site and off-site infrastructure that the participating jurisdiction documents is directly required for affordable housing assisted with HOME funds. The infrastructure investment must have been completed no earlier than 12 months before HOME funds are committed to such affordable housing.

- 5) Proceeds from multi-family and single-family affordable housing project bond financing validly issued by a State or local government, or an agency, instrumentality, or political subdivision of a State and repayable with revenues from the affordable housing project financed, as follows:
- a) Fifty percent of the loan amount made from bond proceeds to a multi-family affordable housing project owner may qualify as match.
  - b) Twenty-five percent of the loan amount from bond proceeds made to a single-family affordable housing project owner may qualify as match.
  - c) Loans made from bond proceeds may not constitute more than 25 percent of a participating jurisdiction's total annual match contributions. Loans made from bond proceeds in excess of 25 percent of a participating jurisdiction's total annual match contribution may be carried over to subsequent fiscal years as excess match, but may not constitute more than 25 percent of a participating jurisdiction's total annual match contribution in any one year.
- 6) The reasonable value of site-preparation and construction materials, not acquired with federal resources, and any donated or voluntary labor in connection with the site-preparation for, or construction or rehabilitation of, affordable housing.
- (i) The value of site-preparation and construction materials is to be determined in accordance with the participating jurisdiction's cost estimate procedures.
  - (ii) A single rate will be applicable for determining the value of donated or voluntary labor. The rate will be published annually in the notice of funding availability (NOFA) for the HOME program.

#### Ineligible Forms of Match

- 1) Contributions made with or derived from federal resources or funds, regardless of when the federal resources or funds were received or expended;
- 2) The interest rate subsidy attributable to the federal tax-exemption on financing or the value attributable to federal tax credits;
- 3) Owner equity or investment in a project;
- 4) Sweat equity; and
- 5) Cash or other forms of contributions from applicants for or recipients of HOME assistance or contracts, or investors who own, are working on, or are proposing to apply for, assistance for a HOME-assisted project.

#### Amounts of Match

Each project must provide a 25% matching contribution.

## APPENDIX E

### Lake County Resale and Recapture Guidelines for Homebuyers

These guidelines apply when a homebuyer or developer is assisted with HOME Investment Partnerships Program funds and the homebuyer sells or transfers the assisted property subsequent to the initial HOME-assisted purchase.

#### Period of Affordability

Consistent with 24 CFR Part 92.254(a)(4), the following minimum period of affordability shall be enforced:

<u>HOME amount per unit</u>	<u>Minimum Period of Affordability</u>
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

The Lake County Consortium may use HOME Program funds to provide homeownership assistance. The forms of subsidy to be used to assist homebuyers and/or developers include down payment assistance, interest subsidy, development cost subsidy, direct loan, project grant, or some combination of these methods. Lake County shall determine based upon the type of subsidy, form of ownership and type of market in which the property is located, whether the period of affordability shall be enforced by either Resale or Recapture provisions.

#### Resale Provisions

- A) Activity Types - Resale provisions as outlined in 24 CFR Part 92.254(a)(5)(i)(A) and (B) shall be required or encouraged in the following cases:
- Resale provisions shall be required when the HOME subsidy is provided in the form of a development subsidy in which HOME funds are divided among each HOME-assisted unit and not provided as a direct subsidy to the homebuyer.
  - Resale provisions shall be encouraged when the HOME subsidy is provided in the form of a direct subsidy to the homebuyer **and** a Community Land Trust or other similar entity maintains ownership of the HOME-assisted property to ensure its continued affordability in perpetuity.
  - Resale provisions shall be encouraged when the HOME subsidy is provided in the form of a direct subsidy to the homebuyer **and** it is determined that the property is located in a highly appreciating market for the purpose of maintaining the unit's affordability throughout the entire period of affordability.
- B) Methods – The resale option ensures that the HOME-assisted unit remains affordable over the entire period of affordability. All HOME-assisted units “designated as affordable units” shall meet the following criteria:
- The new purchaser must be low-income, meeting the HOME Program definition, and occupy the property as the family's principle residence.
  - The sales price must be “affordable” to the new purchaser. In this instance, affordability of the new purchaser is defined as the income-eligible household's maximum mortgage capacity as defined by a mortgage lender using generally-accepted underwriting criteria.
  - Net proceeds from the sale must provide the original homebuyer, now the home seller, a “fair return” on their investment (including any downpayment and capital improvement investment made by the owner since purchase).

- C) Enforcement Mechanisms - Resale requirements shall be enforced through deed restriction, covenant, land use restriction agreement, or other similar mechanism filed with the Lake County Recorder of Deeds, and the requirements within shall be triggered upon sale or transfer of the HOME-assisted property.

#### Recapture Provisions

- A) Activity Types - Recapture provisions as outlined in 24 CFR Part 92.254(a)(5)(ii)(A)(1) through (7) shall be enforced in cases where HOME funds are provided as a direct subsidy to the homebuyer as downpayment and/or purchase price assistance.
- B) Methods – The recapture option allows Lake County to recapture the entire HOME subsidy if the HOME recipient decides to sell the unit within the period of affordability at whatever price the market will bear. All HOME-assisted unit sales under the recapture option shall meet the following criteria:
- The homebuyer may sell the property to any willing buyer.
  - The sale of the property during the period of affordability triggers repayment of the direct HOME subsidy to Lake County that the buyer received when he/she originally purchased the home.
- C) Enforcement Mechanisms - Recapture provisions shall be enforced through mortgage documents or other similar mechanisms filed with the Lake County Recorder of Deeds, and the requirements within shall be triggered upon sale or transfer of the HOME-assisted property.
- D) Amount of Repayment – Lake County requires full repayment of the direct HOME subsidy when resale occurs during the period of affordability.
- E) Sharing of Net Proceeds – When the net proceeds (i.e., the sales price minus loan repayment, other than HOME funds, and closing costs) are insufficient to repay the direct HOME subsidy and the homebuyer's investment, the net proceeds shall be shared according to the following formula. Recapture of the HOME funds is based on the ratio of the HOME subsidy to the sum of the homeowner's investment (including downpayment and any capital improvement investment made by the owner since purchase), plus the HOME subsidy:

$$\frac{\text{HOME Subsidy}}{\text{HOME Subsidy} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{HOME Recapture}$$

- F) Mortgage Release - Upon receipt of recaptured funds, Lake County shall file a "Release" document with the Lake County Recorder of Deeds to release the original HOME-assisted homebuyer from the requirements of the mortgage or other similar mechanism.
- G) Repayments – Repayments of recaptured funds shall be remitted directly to Lake County to be utilized for HOME-eligible activities only.

#### Communication of Resale/Recapture Provisions

HOME Resale and Recapture provisions are conveyed to the public and potential applicants during the application process through the Housing Fund Program Guidelines. In addition, funded project sponsors who administer homebuyer programs are informed of HOME Resale and Recapture provisions verbally at a Post-Award Conference and in writing in the Housing Fund Management Guide, which is provided to each

project sponsor. Finally, the applicable Resale or Recapture provisions are incorporated into all HOME contract documents for homeownership projects/programs.

## APPENDIX F

### Acquisition Procedures

Lake County has established policies and procedures to be followed when real property is acquired as part of projects funded with CDBG, HOME or other federal funds. The basis for the County's procedures is the regulations contained in the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and HUD's Handbook 1378, **Tenant Assistance, Relocation and Real Property Acquisition**. The County's procedures are intended to delineate how the County will implement those federal requirements and not in any way to replace or contradict them.

The acquisition of property must be clearly indicated as the funded activity on the agreement between the County and the subrecipient. In the individual agreements, expenses eligible for that specific grant will be delineated-property acquisition, legal fees, appraisal, real estate agent's fees, title fees, closing costs, etc. The County will only reimburse for expenses covered in the subrecipient agreement.

Property acquisition that involves relocating current owners, renters or other occupants is generally too costly to justify the use of Lake County's limited HOME, CDBG, and other federal funds. In order to maximize the impact of our HOME and CDBG dollars, the County will not usually undertake or fund projects requiring relocation of individuals or businesses. Exceptions will be made only in situations with compelling reasons for acquisition with relocation. If a subrecipient is unclear as to whether a property transaction would be considered to involve relocation, the subrecipient should contact the Lake County Community Development Division immediately.

Any project that involves the acquisition of property and is funded in whole or in part with federal funds, even if the federal funds are not used for the acquisition itself, is subject to federal requirements connected to acquisition and relocation. A project cannot be broken into separate "projects" in order to avoid the federal requirements connected with property acquisition and relocation. First-time homebuyer's assistance programs also trigger the federal requirements surrounding property acquisition. Any questions concerning whether the relocation regulations apply to a specific property acquisition project should be directed to the Community Development Division staff before any action is taken on the project.

For the acquisition of property, the subrecipient acquiring property must:

- 1) Inform the owner of its intention to buy the property, indicating that the subrecipient does not have, or is waiving, the power of eminent domain (i.e., if a mutually agreeable sale cannot be negotiated, there will be no recourse to force a sale through condemnation).
- 2) Inform the owner of the subrecipient's determination of the fair market value of the property.

Since the sale is voluntary, the subrecipient's determination of fair market value need not be the price which is ultimately paid for the property, should negotiations prove successful. It is the seller's prerogative to accept any price for his or her property, including a price less than the estimate of fair market value. This requirement is meant to ensure that the owner is fully aware of the fair market value.

The determination of the fair market value must be done by a person familiar with real estate values and in a reasonable, generally accepted manner. Generally, a full-blown appraisal will not be required. In situations where the potential for a conflict of interest or the appearance of a conflict of interest is a concern, an appraisal by a licensed real estate appraiser will be required. The fair market value can generally be

substantiated by three recent transactions of comparable properties. An explanation of the basis for the estimate must accompany the estimate.

Following are the steps that will generally need to be followed for property acquisition. They are based on the assumption that the property is currently listed for sale at the time the subrecipient begins exploring acquiring the property. If this is not the case, the subrecipient should contact the County for instructions on how to proceed.

1. Subgrantee informs County of plans to acquire the property and requests "Acquisition Procedures" documents.
2. County initiates environmental review process on the property(ies) of interest.
3. Subrecipient prepares estimate of fair market value.
4. Subrecipient forwards copy of estimate to County with explanation of how the fair market value was determined.
5. Prepare purchase offer including statements concerning power of eminent domain and determination of fair market value (See Guideform Notice – Disclosures to Seller with Voluntary, Arm's Length Purchase Offer). The County recommends making the offer to purchase contingent on environmental review and release.
6. Present purchase offer and completed Guideform Notice to owner.
7. Succeed or fail at negotiating terms of sale
8. If negotiations result in sale, send copy of the contract to purchase the property to County.
9. Attorney or person handling transaction prepares settlement statement, and notifies the County of the closing date.
10. Subrecipient submits to County voucher for amount of eligible expenses.
11. Submit copy of settlement statement detailing actual costs incurred.
12. Forward copy of recorded deed to County.

## Appendix G

### Lake County HOME Program Income Limits, Rent Limits, Fair Market Rents, Maximum Per Unit Subsidy, and Maximum Appraised Values

#### LAKE COUNTY HOUSING PROGRAM GUIDELINES for

#### Lake County HOME/CDBG Housing Fund

#### Lake County Affordable Housing Program

Chicago, IL (PMSA)

Revised: July 10, 2008

#### INCOME LIMITS

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% of Median	\$15,850	\$18,100	\$20,350	\$22,600	\$24,450	\$26,250	\$28,050	\$29,850
50% of Median	\$26,400	\$30,150	\$33,950	\$37,700	\$40,700	\$43,750	\$46,750	\$49,750
60% of Median	\$31,680	\$36,180	\$40,740	\$45,240	\$48,840	\$52,500	\$56,100	\$59,700
80% of Median	\$42,200	\$48,250	\$54,250	\$60,300	\$65,100	\$69,950	\$74,750	\$79,600
100% of Median*	\$52,833	\$60,333	\$67,833	\$75,333	\$81,500	\$87,500	\$93,500	\$99,500

Effective: April 2009

\*100% of area median income limits are used only for the Lake County Affordable Housing Program, not HOME or CDBG.

#### RENT LIMITS

	OBR	IBR	2BR	3BR	4BR	5BR	6BR
Low HOME Rent	\$660	\$706	\$848	\$980	\$1,093	\$1,206	\$1,319
High HOME Rent	\$781	\$893	\$1,004	\$1,226	\$1,364	\$1,486	\$1,609
Fair Market Rent**	\$781	\$893	\$1,004	\$1,226	\$1,385	\$1,593	\$1,801
50% Rent Limit***	\$660	\$706	\$848	\$980	\$1,093	\$1,206	\$1,319
65% Rent Limit***	\$838	\$899	\$1,081	\$1,240	\$1,364	\$1,486	\$1,609

Effective: April 2009

\*\*Tenant paid utilities must be subtracted from the above rents to calculate the maximum allowable rents. Contact Lake County for current utility schedules.

\*\*\*For Information Only -50% and 65% Rent Limits are used only for projects funded with IHDA's Low-Income Housing Tax Credit Program.

#### MAXIMUM PER-UNIT SUBSIDY - 221(d)(3) Limits

	0 BR	1 BR	2 BR	3 BR	4+ BR
Elevator Limits	\$142,727	\$163,612	\$198,952	\$257,378	\$282,523

Effective: February 2009

#### MAXIMUM APPRAISED VALUES--203(b) Mortgage Limits

	1-Family	2-Family	3-Family	4-Family
203(b) Mortgage Limits	\$275,200	\$309,962	\$376,589	\$434,526

Effective: February 2009



**Appendix H****Utility Allowance Schedule**

The following charts\* will assist you in calculating the utility allowance for tenant paid utilities. The utility allowance, provided here by bedroom size and type of unit, when added to the contract rent, may not exceed the maximum allowable rents (FMR, High HOME Rents or Low HOME Rents) identified for your project as provided in Appendix G.

**Apartments**

Utility or Appliance		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heat	Natural Gas	44	54	69	84	99	117
	Electric	42	53	68	85	103	119
Cook	Natural Gas	6	8	11	14	17	18
	Electric	6	8	11	13	16	18
Electric/ Lights		21	27	36	45	56	60
Hot Water	Natural Gas	8	10	14	17	21	23
	Electric	11	14	18	22	28	30
Water or Well		16	21	26	28	39	44
Sewer		17	20	24	28	33	37
Trash Removal		20	20	20	20	20	20
Stove		3	3	3	3	4	4
Refrigerator		4	4	4	3	3	4
Owner Provided Air Conditioner		4	5	7	9	11	12

**Townhomes/Duplexes**

Utility or Appliance		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heat	Natural Gas		61	81	101	120	137
	Electric		61	82	101	121	138
Cook	Natural Gas		8	11	14	17	18
	Electric		8	11	13	16	18
Electric/ Lights			27	36	45	56	60
Hot Water	Natural Gas		10	14	17	21	23
	Electric		14	18	22	28	30
Water or Well			21	26	28	39	44
Sewer			20	24	28	33	37
Trash Removal			20	20	20	20	20
Stove			3	3	3	4	4
Refrigerator			4	4	3	3	4
Owner Provided Air Conditioner			6	8	10	12	13

**Single Family Home**

Utility or Appliance		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heat	Natural Gas		75	89	113	127	148
	Electric		75	90	113	128	148
Cook	Natural Gas		8	11	14	17	18
	Electric		8	11	13	16	18
Electric/ Lights			27	36	45	56	60
Hot Water	Natural Gas		10	14	17	21	23
	Electric		14	18	22	28	30
Water or Well			21	26	28	39	44
Sewer			20	24	28	33	37
Trash Removal			20	20	20	20	20
Stove			3	3	3	4	4
Refrigerator			4	4	3	3	4
Owner Provided Air Conditioner			10	14	17	20	22

\*If your housing project is located within the cities of North Chicago or Waukegan, Please use the utility schedules provided by the North Chicago Housing Authority and Waukegan Housing Authority, respectively.